

233 South Wacker Drive Suite 800 Chicago, Illinois 60606

312 454 0400 www.cmap.illinois.gov

MEMORANDUM

To: Project Selection Committee

From: CMAP Staff

Date: July 2014

Re: CMAQ Process Evaluation and Transformation: Summary of Comments and

Concerns

A summary of the concerns voiced from meetings held through June 12, 2014 was provided to committee members as a way to focus discussion on the areas that needed the most attention. Staff also met with several working committees and the Regional Coordinating Committee; comments from those meetings are also summarized. Based on feedback received, staff has proposed initial responses to some of the issues raised. In the text below, the blue text is staff's response. Issues related to the draft *CMAQ Programming and Management Policies* document appear first, followed by issues related to the methods used for the proposed CMAQ scoring process.

Based on the discussion at the July 17, 2014 PSC meeting, staff hopes consensus can be reached about the changes to be made to the *CMAQ Programming and Management Policies* document. From there, staff will modify the *Policies* document and email it to PSC members for final review the week of July 21, then post it on the Transportation Committee website on July 25 in advance of its August 1 meeting. The intent is to have the *Policies* document approved at the August Transportation Committee meeting and approved by the MPO Policy Committee in October.

Not all comments about the methods used for the proposed scoring process have been addressed in this document. Where a member still has concerns, staff would like to schedule a one-on-one meeting in July or August to address them. The intent is to have reasonable agreement on the scoring process to be used by mid-fall. The process should be in place prior to the anticipated call for projects in January 2015 so that sponsors have a chance to prepare their proposals.

I. Issues with the draft CMAQ Programming and Management Policies

1. Section A:2,d of the Policies should more explicitly state that staff will prepare air quality rankings and evaluate transportation impact criteria to develop a composite score for applications that would be presented to the focus groups for validation.

- a. Drawing on their professional judgment and experience as subject matter experts, the focus groups could elevate other issues and recommend adjustments to the program.
- b. Those adjustments would go back to staff, who would then present a recommended program to the committee for consideration for recommendation to the Transportation Committee.

The draft policies will be revised to indicate that the composite score for applications will be presented to the focus groups for feedback. Scores on individual criteria should not be changed by the focus groups since the scores are a product of factual measurements combined with pre-determined weights. For example, a focus group cannot change whether a project addresses a 5% location for safety. Instead, the focus group can supply any qualitative information about whether a project has "fatal flaws" or indicate if it has benefits that are not captured by the scoring system. The focus groups should concentrate on the technical aspects of the projects and will not be asked to adjust the program; this is the responsibility of the PSC. As a result of their experience with the upcoming (FFY 16-20) CMAQ cycle, the focus groups can provide recommendations about improvements to criteria to use in developing the following program.

The Policies should state that examples of other criteria that could factor into the programming recommendations are regional equity, project readiness, sponsor capacity and project mix.

The policies will be revised to indicate that regional equity, project readiness, sponsor capacity, project mix, and other judgment-based factors may be considered in program development. Most of these factors are currently referenced in the Project Application Information Booklet.

3. The service boards should provide the real cost and schedule for engineering activities for staff to determine an appropriate percentage of the engineering costs of a transit capital project that should be eligible for CMAQ funding to level the playing field with highway projects that cannot receive funding for phase I engineering.

CTA and Metra have done so, and based on this feedback the policies will indicate that 70% of engineering costs —those past the 30% benchmark — will be considered for CMAQ funding. Note that not all transit projects will require significant engineering.

4. Staff should develop a table, in cooperation with IDOT Local Roads staff, to better define "substantially complete" for phase 1 engineering, recognizing that final IDOT review time is beyond sponsor control and that different project types require different levels of phase 1 effort. The goals of the "substantially complete" requirement are to ensure an early local commitment to a project and to establish a full scope and cost estimate prior to requesting CMAQ funding.

No comments received. Given the goals expressed above, the CMAQ policy should be to have a final PDR completed for signatures by IDOT before the project is selected for funding. In some cases PDRs change significantly between preliminary and final versions, potentially causing delay, and there is no shortage of projects with Phase I Engineering substantially complete. CMAP staff would like to work with IDOT and other stakeholders to find ways to speed processing of these reports.

5. There should be a requirement that transit and bicycle facility projects be included in an adopted/approved planning document.

Several commenters disagreed with this requirement. Staff's intent with this requirement was to ensure that projects submitted for CMAQ funding emerge from a demonstrated local or agency prioritization process, which helps ensure the best projects are forwarded for funding and that there is a lasting commitment to advancing the project. Inclusion in a capital programming document is not required. In the FY 2013-14 Transportation Alternatives Program, bicycle facility projects were required to be featured in a planning document to be eligible. In fact, many good-quality plans have been developed in recent years that establish priority bicycle trail projects. Another good example is the use of the Central Area Plan by CDOT and CTA to identify station priorities and other projects for consideration of CMAQ funding. CMAP would like to see a similar link between planning and programming for highway, transit, and ideally direct emissions reduction projects (although private sector projects may emerge from a different type of planning process). Thus, staff is looking for feedback on planning documents that could fulfill this objective for different project types.

6. Soft match should be allowed for local match, in accordance with IDOT policies, and should be included in the Policies document.

Soft match, including Transportation Development Credits, can be considered on a case-by-case basis. Sponsors should be aware, however, that MAP-21 restricts the situations in which soft match can be used, and IDOT policies must also be followed. Since the use of soft match can affect the emissions cost/benefit ratio, proposals need to identify in advance if soft match is to be used. Commitment of any type of match is not a guarantee of project selection.

7. Privately funded direct emissions projects that involve only the marginal cost difference being eligible for funding should have a federal match level of 80% of the marginal cost difference and not 65%.

An 80% match for privately funded direct emissions reduction projects is acceptable if the funding is applied only to the marginal cost of the improved vehicle. In the case of a conventional direct emissions reduction project, an entire vehicle or engine is being purchased to replace a higher-emitting vehicle or engine. The operator is being encouraged to replace the vehicle or engine in situations where they might choose not to do so (i.e., the vehicle is not at the end of its useful life). For cases in which a private

entity is benefitting, a higher local match was deemed desirable. The 65% match was arrived at after some experimentation.

In the case of funding a marginal cost difference, the choice is between a lower-emitting version of a vehicle or engine (e.g., an electric or hybrid) versus a conventional one. The operator intends to replace the vehicle or engine, and is being encouraged to buy a better-performing one. In this case, the experience in other areas indicates that a higher match is needed to encourage purchase of the better-performing equipment. In fact, some states fund this type of project at 100%.

8. Sponsors requesting phase I engineering funds based on financial hardship, should only do so with the understanding that funds for additional phases are not guaranteed and will only be considered under a future call for projects.

The policies will be updated to indicate that when funds for Phase I Engineering are awarded based on hardship, CMAQ funding for future phases is dependent on successful competition in a future CMAQ program cycle.

9. Project applications should be ranked together based upon a composite score of the emissions benefits along with other criteria, including measures related to transportation impacts and regional priorities.

One commenter addressed this issue directly, suggesting that comparing different project types against one another is not appropriate because different criteria are used to evaluate different projects. While it is true that different transportation impact criteria are considered for different project types, the method is actually comparing how much the different transportation benefits of projects are *worth* to the region, and each project ("other" projects excepted) receives 30% of its overall score from these benefits. Multicriteria analyses like this are quite common and have an extensive literature to support them. Although staff welcomes additional discussion of this issue to refine the scoring techniques, the *Policies* should continue to indicate that project applications will be ranked based upon a composite score of the emissions benefits along with other criteria.

10. Would like 3 weeks prior notice for the semi-annual updates. (B:2,d)

Currently the policies state that staff will provide the request at least two weeks prior to the due date. Staff will try and provide as much time as possible. Sometimes situations require staff to inquire under tight time frames so that the status of the program is known for the purpose of assessing obligation goals or accommodating projects moving into the current program years.

11. Reduce the number of times FTA processed projects are required to submit expenditure update information. (B:3)

The timing of the transit projects expenditure updates was done to correspond with either the RTA or FTA reporting requirements. The expenditure reports are required because transit projects can be obligated when the project is put into an FTA grant but

may not progress towards completion for many years. This provides the PSC and staff with an idea of how projects are progressing.

12. While it's correct not to advance Phase II and construction at the same time, how does this impact projects with ROW or implementation funds? (B:4,c)

This comment does not appear to relate to the identified section. Staff is seeking further clarification from the commenter.

13. FTA's TEAM system is being phased out and should be replaced with TrAMS. (B: 6.b)

Staff will change references to TEAM to include TrAMS but will leave in the TEAM name until it is fully phased out.

14. CDOT would like its own transit column to the Demonstrate Readiness chart since CDOT is not in the RTA program. (B: 6,b)

The "transit" column refers to transit agencies, not transit projects. CDOT is subject to the "locally executed IPA" as an indicator of readiness, regardless of the project type. Staff is seeking further clarification from the commenter.

15. There are concerns with the "demonstrate readiness" requirement for Transit non-capital projects. Official submittal in TEAM is usually not supposed to occur until funding is in place; possible replacement language is "Grant application in TEAM/TrAMS ready for FTA staff review."(B: 6,b)

This requirement is only for the purposes of demonstrating readiness for projects requesting to be brought off the deferred list. Currently the requirement is "FTA grant application submitted via TEAM" and does not require approval of the grant application. TEAM will be changed to TEAM/TrAMS.

16. The requirement of Inclusion in the RTA Program should not be used to demonstrate readiness for a phase of a Transit Capital Project. (B: 6, b)

This is not for new projects but for projects that are being brought off the deferred list and should already be in their agency's programs and therefore can be added to the RTA program.

II. Issues with the methods used for proposed CMAQ scoring process

1. The actual dollar per kilogram of pollutants eliminated should be documented for each project along with the Cost Effectiveness Score.

No comments received. Actual cost-effectiveness in \$/kg will also be reported in project rankings.

2. A single numeric score should be provided, rather than using a "yes/no" or "low/medium/high" rating.

As noted above, the policies will indicate that projects are ranked together based upon a composite score of the emissions benefits along with other criteria.

3. The transit supportive development score should consider the permitted density, not actual density. The intent is for sponsors to have made the land use decisions prior to applying for infrastructure funding.

Several comments were received on this issue. To clarify, the proposed scoring system considers permitted density, not existing density.

4. The commuter parking projects should be evaluated as transit facilities but a way to determine asset condition for facilities that do not currently exist that balances GO TO 2040's emphasis on modernizing the existing system with the desire to encourage Transit Oriented Development in the region by providing new stations is needed.

Although there is a perceived risk that new service and facilities will be at a disadvantage in the proposed system, note that new service and facilities tend to have higher ridership than projects which modernize existing facilities. Thus, they are expected to score higher on the ridership criterion. They may also score higher on air quality cost-effectiveness. Finally, note that not every project will score highly on every criterion no matter which criteria are chosen. Staff is seeking additional feedback on this issue.

- 5. The recommended program by staff will provide documentation for why a low ranking project should be funded or why a high ranking project should not. It should be up to the PSC to make the final recommendation. Examples of this might include:
 - An innovative project that scores low but has characteristics which would lead to behavioral changes that cannot be captured in the point system may be recommended for funding
 - Projects with strong sub-regional multi-jurisdictional support may be recommended for funding
 - Projects with benefits reaching beyond their immediate location may be recommend for funding
 - Projects which cannot demonstrate readiness may not be recommended for funding

No comments received. Staff anticipates providing written documentation for why a low ranking project should be funded or why a high ranking project should not.

6. Points should be awarded for projects located on the Congestion Management Process network.

A comment was received to the effect that average daily traffic (ADT) should be used to prioritize highways for funding in addition to the CMP network. However, one purpose of the National Highway System and the Strategic Regional Arterial system (the components of the CMP) is to identify priority roadways. If the CMP network does not perform as intended, then an update to the CMP should be considered rather than diluting the priorities it does establish. Lastly, note that the point value assigned to being on the CMP is quite small.

7. Points should be awarded for projects that address a safety problem, in addition to a congestion and/or air quality problem, at a location included in the IDOT "5% Report".

No comments received. The current scoring process awards points for projects that address a safety problem.

8. Projects should be awarded points for having a high transit accessibility index.

Several comments were received to the effect that transit projects should or should not be given priority based on their location's transit accessibility index. To clarify, the proposed scoring system gives points only to bicycle facilities based on the transit accessibility index where they are located.

III. Issues raised by Regional Coordinating and working committees

9. A member at the Regional Coordinating and Land Use Committee meetings brought up the potential for funding Phase I Engineering, particularly for municipalities, leading to discussion about the need for the CMAQ program to have well-defined projects versus the need for local governments to avoid paying for preliminary engineering.

Numerous discussions on this topic at the PSC and other committees have resulted in the decision to have projects fully scoped with accurate costs before they are considered for funding.

10. At both the Land Use and Environment and Natural Resources Committee meetings, members brought up the possibility of additional consideration being given to projects that have other environmental benefits, such as projects that include permeable pavement, bioswales, recycled materials, etc. The Environment Committee discussed evaluating the carbon reduction benefits of CMAQ projects, noting that GO TO 2040 includes greenhouse gas (GHG) emission reduction targets.

In the upcoming program, staff proposes to address such additional benefits as permeable pavement as a qualitative factor that could influence project selection. Staff also continues to explore quantifying GHG reduction as a benefit.

11. Members of the Economic Development Committee suggested that the program should consider economic impact and equity, but did not provide suggestions about how to do so.

As noted above, the CMAQ policies will be revised to indicate that equity may be taken into account in project selection. Staff is investigating the ability to estimate credibly the economic impacts of the fairly small projects included in the CMAQ program.